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Efiled on June 13, 2007.

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:  
USA COMMERCIAL MORTGAGE COMPANY,  
Debtor.

In re:  
USA CAPITAL REALTY ADVISORS, LLC.,

In re:  
USA CAPITAL DIVERSIFIED TRUST DEED  
FUND, LLC.

In re:  
USA CAPITAL FIRST TRUST DEED FUND,  
LLC.,

In re:  
USA SECURITIES, LLC.,

Affects:

- All Debtors
- USA Commercial Mortgage Company
- USA Securities, LLC
- USA Capital Realty Advisors, LLC
- USA Capital Diversified Trust Deed Fund, LLC
- USA First Trust Deed Fund, LLC

Case No. BK-S-06-10725-LBR  
Case No. BK-S-06-10726-LBR  
Case No. BK-S-06-10727-LBR  
Case No. BK-S-06-10728-LBR  
Case No. BK-S-06-10729-LBR

Chapter 11

**Jointly Administered Under  
Case No. BK-S-06-10725-LBR**

Date: June 20, 2007  
Time: 10:30 a.m.

## **BRIEF ON CONTEMPT AND TERMINATION**

1           The undersigned's Family Trust is a lender in the DelValle Capital-Livingston, Castaic  
2 Partners III, LLC and Eagle Meadows Development loans. The undersigned has been requested  
3 to sign various documents by the Lenders Protection Group and make assignments to L2L a  
4 group set up for the collection of various loans originally brokered by USA. The undersigned  
5 has not signed any such documents. Additionally the Richard & Sheila McKnight 2000 Family  
6 Trust never signed a loan service agreement with USA. Through various email contacts it has  
7 been represented to the undersigned that L2L has either been licensed by the Mortgage Lending  
8 Division or has received a waiver from the Mortgage Lending Division. However in  
9 conversations with Scott Bice of the Mortgage Lending Division he completely and totally  
10 disavows any such statement. It is unclear how L2L can service loans without a proper Nevada  
11 escrow license. Attached hereto is the L2L Service Agreement which in addition to the 1%  
12 service charge for collecting the loan purports to collect 3% for the successful conclusion of  
13 collecting the funds from the various Borrowers and a 5% brokerage fee if L2L is successful in  
14 finding a buyer for those who desire to sell their interest. Such activities are clearly covered by  
15 NRS 645B governing mortgage lending and collections. Although the undersigned has no dog  
16 in the fight between Compass and the Cangialosi group they hope to hold in contempt, the  
17 comments here are made so that a void is not created for L2L to step into and attempt to collect  
18 without the authority to do so. In conversations with the principal of Eagle Meadows it is the  
19 undersigned's understanding that Eagle Meadows is ready to pay off its obligation as well as an  
20 loan on adjacent land for a total of approximately \$65,000,000.00 (Sixty-Five Million Dollars).  
21 Although the undersigned is definitely in favor of terminating Compass as a loan servicing agent  
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23        ...  
24        ...  
25        ...  
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27        ...

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1 the court should do nothing to indicate that L2L is the desired replacement or court sponsored  
2 replacement. The fact of the matter is that a duly licensed loan can easily be employed to service  
3 these loans for less than either Compass or L2L.

4 Respectfully submitted this 13<sup>th</sup> day of June 2007.

5  
6 THE LAW OFFICES OF RICHARD MCKNIGHT, P.C.  
7

8 By: /s/Richard McKnight  
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11 Attorneys for Richard and Sheila J.  
McKnight 2000 Family Trust